

95 FEB -6 PM 1:09

HOUSE OF REPRESENTATIVES

I certify that the attached is a true and correct copy of the document which was filed of record in the Chief Clerk's Office and referred to the committee on:

Nat'l Resourcer
Cynthia Gehardt
Chief Clerk of the House

By *Mary O'K*

FILED JAN 24 1995
H. B. No. 753

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the validation of a certain agreement between the
3 Edwards Underground Water District, the Medina County Underground
4 Water Conservation District, and the Uvalde County Underground
5 Water Conservation District.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 SECTION 1. The legislature finds that the certain agreement,
8 known as the Edwards Aquifer Interlocal Contract, executed by the
9 Edwards Underground Water District, the Medina County Underground
10 Water Conservation District, and the Uvalde County Underground
11 Water Conservation District on October 10, 1994, was within the
12 legal authority of those bodies to make and validates and confirms
13 the agreement in all respects as of the date the agreement was
14 executed. The agreement shall be treated as if it were duly
15 authorized and accomplished in accordance with law.

16 SECTION 2. The importance of this legislation and the
17 crowded condition of the calendars in both houses create an
18 emergency and an imperative public necessity that the
19 constitutional rule requiring bills to be read on three several
20 days in each house be suspended, and this rule is hereby suspended,
21 and that this Act take effect and be in force from and after its
22 passage, and it is so enacted.

COAUTHOR AUTHORIZATION-74TH LEGISLATURE
(please request your coauthors to sign this form
in lieu of the front or the back of the original bill)

For chief clerk use only
Bill or Resolution Number: HB 753

Macy O. King
signature of primary author

Tracy O. King
printed name of primary author

01-24-95
Date

PERMISSION TO SIGN HB 753 HAS BEEN GIVEN TO (check only one of the following):
(bill or resolution #)

☒ ALL REPRESENTATIVES
☐ THE FOLLOWING REPRESENTATIVE(S): _____

I authorize the Chief Clerk to include my name as a coauthor of the legislation indicated above:

<u>A2120 Alexander</u>	<u> </u> Date	<u>A2115 Allen</u>	<u> </u> Date	<u>A2125 Alonzo</u>	<u> </u> Date
<u>A2105 Alvarado</u>	<u> </u> Date	<u>A2135 Averitt</u>	<u> </u> Date	<u>A2160 Bailey</u>	<u> </u> Date
<u>A2200 Berlanga</u>	<u> </u> Date	<u>A2240 Black</u>	<u> </u> Date	<u>A2270 Bomer</u>	<u> </u> Date
<u>A2275 Bosse</u>	<u> </u> Date	<u>A2265 Brady</u>	<u> </u> Date	<u>A2260 Brimer</u>	<u> </u> Date
<u>A2405 Carona</u>	<u> </u> Date	<u>A2400 Carter</u>	<u> </u> Date	<u>A2480 Chisum</u>	<u> </u> Date
<u>A2530 Clemons</u>	<u> </u> Date	<u>A2435 Coleman</u>	<u> </u> Date	<u>A2575 Combs</u>	<u> </u> Date
<u>A2580 Conley</u>	<u> </u> Date	<u>A2570 Cook</u>	<u> </u> Date	<u>A2595 Corte</u>	<u> </u> Date
<u>A2600 Counts</u>	<u> </u> Date	<u>A2605 Crabb</u>	<u> </u> Date	<u>A2610 Craddick</u>	<u> </u> Date
<u>A2645 Cuellar, Henry</u>	<u> </u> Date	<u>A2646 Cuellar, Renato</u>	<u> </u> Date	<u>A2635 Culberson</u>	<u> </u> Date
<u>A2670 Danburg</u>	<u> </u> Date	<u>A2675 Davila</u>	<u> </u> Date	<u>A2625 Davis</u>	<u> </u> Date
<u>A2630 De La Garza</u>	<u> </u> Date	<u>A2685 Dear</u>	<u> </u> Date	<u>A2680 Delisi</u>	<u> </u> Date
<u>A3385 Denny</u>	<u> </u> Date	<u>A2705 Driver</u>	<u> </u> Date	<u>A2665 Dukes</u>	<u> </u> Date
<u>A2655 Duncan</u>	<u> </u> Date	<u>A2650 Dutton</u>	<u> </u> Date	<u>A2770 Edwards</u>	<u> </u> Date
<u>A2760 Ehrhardt</u>	<u> </u> Date	<u>A2775 Eiland</u>	<u> </u> Date	<u>A2785 Elkins</u>	<u> </u> Date
<u>A2810 Farrar</u>	<u> </u> Date	<u>A2830 Finnell</u>	<u> </u> Date	<u>A2920 Gallego</u>	<u> </u> Date
<u>A2935 Giddings</u>	<u> </u> Date	<u>A2880 Glaze</u>	<u> </u> Date	<u>A2985 Goodman</u>	<u> </u> Date
<u>A2990 Goolsby</u>	<u> </u> Date	<u>A3005 Gray</u>	<u> </u> Date	<u>A3010 Greenberg</u>	<u> </u> Date
<u>A3020 Grusendorf</u>	<u> </u> Date	<u>A3030 Gutierrez</u>	<u> </u> Date	<u>A3035 Haggerty</u>	<u> </u> Date
<u>A2695 Hamric</u>	<u> </u> Date	<u>A3120 Harris</u>	<u> </u> Date	<u>A3170 Hartnett</u>	<u> </u> Date
<u>A3345 Hawley</u>	<u> </u> Date	<u>A3180 Heflin</u>	<u> </u> Date	<u>A3230 Hernandez</u>	<u> </u> Date
<u>A3240 Hightower</u>	<u> </u> Date	<u>A3310 Hilbert</u>	<u> </u> Date	<u>A3250 Hilderbran</u>	<u> </u> Date

For chief clerk use only
Bill or Resolution Number: HB 753

A3275 Hill	Date	A3285 Hirschi	Date	A3305 Hochberg	Date
A3295 Holzheuser	Date	A3300 Horn	Date	A3315 Howard	Date
A3350 Hudson	Date	A3355 Hunter, Bob	Date	A3365 Hunter, Todd	Date
A3380 Jackson	Date	A3415 Janek	Date	A3395 Johnson	Date
A3405 Jones, Delwin	Date	A3400 Jones, Jesse	Date	A3440 Junell	Date
A3460 Kamei	Date	A3465 King	Date	A3485 Krusee	Date
A3490 Kubiak	Date	A3450 Kuempel	Date	A3510 Laney	Date
A3605 Lewis, Glenn	Date	A3600 Lewis, Ron		A3615 Longoria	Date
A3620 Luna	Date	A3715 Madden	Date	A3750 Marchant	Date
A2700 Maxey	Date	A3665 McCall	Date	A3670 McCoulskey	Date
A3660 McDonald	Date	A3850 Moffat	Date	A3860 Moreno	Date
A3865 Mowery	Date	A3855 Munoz	Date	A3885 Naishtat	Date
A3895 Nixon	Date	A3875 Oakley	Date	A3990 Ogden	Date
A3880 Oliveira	Date	A4020 Park	Date	A4070 Patterson	Date
A4180 Pickett	Date	A4185 Pitts	Date	A4110 Place	Date
A4190 Price	Date	A4200 Puente	Date	A4230 Rabuck	Date
A4210 Ramsay	Date	A4240 Rangel	Date	A4235 Raymond	Date
A4236 Reyna	Date	A4260 Rhodes	Date	A4315 Rodriguez	Date
A4325 Romo	Date	A4305 Rusling	Date	A4370 Sadler	Date
A4380 Saunders	Date	A4425 Seidlits	Date	A4460 Serna	Date
A4435 Shields	Date	A4445 Siebert	Date	A4530 Smithee	Date
A4550 Solis	Date	A4505 Solomons	Date	A4510 Stiles	Date
A4570 Swinford	Date	A4585 Talton	Date	A4605 Telford	Date
A4630 Thompson	Date	A4635 Tillery	Date	A4640 Torres	Date
A2730 Turner, Bob	Date	A4685 Turner, Sylvester	Date	A4690 Uher	Date
A4720 Van de Putte	Date	A4990 Walker	Date	A4995 West	Date
A5010 Williamson	Date	A4970 Willis	Date	A5000 Wilson	Date
A5015 Wohlgemuth	Date	A4980 Wolens	Date	A5005 Woolley	Date
A5025 Yarbrough	Date	A5030 Yost	Date	A5040 Zbrank	Date

HOUSE COMMITTEE REPORT

95 MAY -8 PM 10:49
HOUSE OF REPRESENTATIVES

1st Printing

By KING

B. No. 753

Substitute the following for H B. No. 753

By King

C.S. H B. No. 753

A BILL TO BE ENTITLED

AN ACT

relating to the validation of a certain agreement between the Edwards Underground Water District, the Medina County Underground Water Conservation District, and the Uvalde County Underground Water Conservation District.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. COMPREHENSIVE MANAGEMENT PLAN. The Edwards Underground Water District, Medina Underground Water Conservation District and the Uvalde Underground Water Conservation District agree by contract to implement a comprehensive management plan for the region. The "Edwards Aquifer Interlocal Contract" is a plan that protects the regions water, spring species, health and public safety and benefits all in the region.

1. PURPOSE

The purpose of this SECTION is to achieve sound, equitable, and regional management of the Edwards Aquifer (hereinafter "Aquifer") by all parties who have the power and duty to do so, whether derived from law, from environmental, economic or social interests, or from stewardship of a unique natural resource.

1.1 Specifically, the three district (Edwards, Medina and Uvalde) agree to the following:

1.1.1 to provide the fair and equitable management of the Aquifer;

1.1.2 to enforce proper management of the Aquifer through regional cooperation;

1.1.3 maintain springflows at levels necessary to comply with the

1 Endangered Species Act (as hereinafter defined);

2 1.1.4. maintain water supplies sufficient to meet the needs of users in the region;

3 1.1.5. increase water supplies in the region and prevent over-production and
4 depletion of the Aquifer;

5 1.1.6. protect water quality of the Aquifer and prevent degradation;

6 1.1.7. prevent waste; and

7 1.1.8. increase public education and awareness concerning the Aquifer.

8 1.2 The water management provisions contained in this SECTION are based on the
9 following principles:

10 1.2.1 to preserve local control and elected representation within the three
11 Districts;

12 1.2.2. to finance new or alternative water supplies on the basis of "whoever
13 benefits -- pays."

14 1.2.3. to preserve property rights;

15 1.2.4. to provide regional water management coordination and cooperation;

16 1.2.5. to provide reduction of non-essential, inefficient uses of Aquifer water;

17 1.2.6. to provide increase supplies through cost-effective methods; and

18 1.2.7. to ensure adequate and fair funding mechanisms.

19 2. DEFINITIONS.

20 The following terms contained in quotations shall have the following meanings for the
21 purpose of this SECTION:

22 2.1 "Beneficial Use" shall have the meaning assigned by Texas Water Code §
23 52.001 or Section 1.02 of the 1992 Demand Management Plan of the
24 Edwards District, as applicable.

25 2.2 "Endangereec Species Act" as codified in 16 U.S.C. §§ 1531-1544, as may
26 be amended.

27 2.3 "Waste" shall have the meaning assigned by Texas Water Code § 52.001
28 or Section 1.02 of the 1992 Demand Management Plan of the Edwards
29 District, as applicable.

1 3. GOVERNANCE.

2 3.1 Governing Powers. The Parties will retain their own governing structure and
3 maintain local control. The Parties agree to cooperate in carrying out this
4 Contract. The Parties will discharge their duties and responsibilities as set forth in
5 statute and regulation. In addition to its current statutory powers, the Edwards
6 District will seek legislative authority to implement powers analogous and parallel
7 to powers of districts organized under Chapter 52 of the Texas Water Code.

8 3.2 Geographic Boundary. The geographic boundary encompassed by this Contract is
9 equivalent to the cumulative area of the counties covered by each Party's
10 geographic jurisdiction or boundary under law.

11 3.3 Liaison Committee. The Edwards Aquifer Liaison Committee ("Liaison
12 Committee") shall function as a coordinating committee among the Parties to this
13 Contract. Each District will appoint a minimum of one representative per county
14 to the liaison Committee, with criteria for appointment to be determined by each
15 county. The Liaison Committee will meet at least quarterly or as needed to
16 facilitate communication, cooperation, and implementation of policy matters
17 under this Contract. The Liaison Committee has no governance powers in law.
18 The Parties may create working groups to the Liaison Committee to consider
19 technical and other issues. The Liaison Committee will coordinate water planning
20 efforts with other regional entities, including, but not limited to, river authorities,
21 other water districts, and water purveyors in the Aquifer region.

22 4. FINANCING STRUCTURE.

23 In general, the Parties agree that the overall financing structure for water management
24 administration, water supplies, water markets, recharge or surface water projects, and
25 other similar projects shall be based upon the guiding principle that "Those who benefit --
26 pay." Projects to enhance recharge, to develop surface water supplies, to increase water
27 conservation, and to achieve other purposes will be funded by Parties to this Contract in
28 proportion to benefits that each Party will gain by each project.

29 4.1 Ad Valorem Taxation. All Parties will levy and collect ad valorem taxes at the

1 rates set by the respective District.

2 4.2 Production Fees.

3 4.2.1. The Edwards District may request statutory authority to levy and
4 collect production fees in addition to ad valorem taxes within its District.

5 4.2.2. The Medina District and the Uvalde District do not contemplate collection
6 production fees, except as may be allowed under Section 4.3 of this Contract

7 4.2.3. Under the terms of this Contract, the Medina District and the Uvalde
8 District shall not be obligated to pay production fees for water use from the
9 Aquifer up to their Aquifer Management Guideline, as defined hereinafter in
10 Section 4.9 as being 120,000 acre feet for the Medina Disstrict and 160,000 acre
11 feet for the Uvalde District on a per annum basis.

12 4.2.4. Upon receiving legislative authorization, the Edwards District will assess a
13 reasonable base fee per acre-foot for water use from zero acre-feet to the total
14 acre-feet designated as its Aquifer Management Guideline, as defined in Section
15 4.9 as being a cumulative total of 370,000 acre feet for the Edwards District, with
16 325,000 acre feet for all of Bexar County, 30,000 acre feet for Comal County,
17 15,000 acre feet for Hays County on a per annum basis. Fees for water use in
18 excess of the Edwards District's Aquifer Management Guideline will be set on a
19 progressive rate schedule. The Edwards District may also assess fees on a
20 progressive rate schedule when its conditions warrant.

21 4.3. Production Surcharge Fees. The Parties may seek legislative authority to
22 individually decide to levy and collect production surcharge fees for different
23 types of users and uses in times of drought, or other appropriate condtion, to
24 finance water supply enhancements, and to distribute production reductions
25 equitably and cost-effectively among Aquifer users.

26 4.4. Transport and Export Fees. Both transport and export fees may be imposed at the
27 discretion of each Party pursuant to Sections 5.11 and 5.12 of this Contract.

28 4.5. General Obligation Bonds and Revenue Bonds. The Parties agree to consider the
29 issuance to general obligation and/or revenue bonds pursuant to their statutory

requirements, in order to finance projects to implement this Contract.

4.6. Making Loans and Grants. The Parties may seek legislative authority to make loans and/or grants to water users within their respective districts districts in order to implement goals consistent with this Contract.

4.7. Receiving Loans and Grants. The Parties may currently receive loans and grants under their enabling statutes.

4.8. Research Costs. The Parties agree to voluntary contribute to research projects relating to the hydrology, geology, meteorology and other scientific characteristics and dynamics of the hydrological systems found in the Aquifer. A Party's voluntary contribution toward such research projects will be based upon that Party's expected benefits.

4.9. Aquifer Management Guidelins. The parties agree to finance water supplies from the Supplemental Sources (hereinafter defined) above county-specific Aquifer Management Guidelines (herein so called), defined as the historic high usage compiled by the Texas Water Development Board and United States Geological Survey, as specifically set forth herein. The Aquifer Management Guidelines are: 160,000 acre-feet per annum for the Uvalde District; 120,000 acre-feet per annum for the Medina District; and a cumulative total of 370,000 acre-feet per annum for the Edwards District, with 325,000 acre-feet per annum for all of Bexar County, 30,000 acre-feet per annum for Comal County, and 15,000 acre-feet per annum for Hays County. Such Aquifer Management Guidelines do not constitute allocations and will be used solely for the purpose of implementing this Contract. The Medina District and Uvalde District retain discretion to determine financing for any water supplies above their respective Aquifer Management Guidelines.

5. WATER MANAGEMENT ELEMENTS

The Parties recognize and set forth their agreed upon terms and conditions regarding the following key elements of comprehensive water management planning.:

5.1. Aquifer Complexity. The Aquifer is a unique and complex hydrological system. In general, the highly porous, faulted, and fresh-water bearing limestones of the

1 Aquifer are across south-central Texas from parts of Kinney County to parts of
2 Uvalde, Medina, Bexar, Comal, and Hays Counties. The 180-mile expanse of the
3 fresh-water reservoir is defined by these hydrogeological boundaries: (1) the updip
4 limit of the recharge are to the north and northwest; (2) the ground water divides
5 in Kinney County to the west and in Hays County to the northeast; and (3) the
6 downdip limit of freshwater, locally known as the fresh water and saline water
7 interface, to the south; and bounded stratigraphically by the older Glen Rose
8 Formation below, and the younger Del Rio Formation above.

9 The arbitrary subsurface boundary between the fresh-water and saline-water zones
10 in the downdip artesian portion of the Aquifer is defined by a 1000mg/l dissolved
11 solids concentration contour. This contour is sometimes referred to as the
12 fresh/saline-water interface. In the fresh-water zone, void spaces (vugs) in the
13 rocks are better connected, whereas in the saline zone the opposite is true. Thus
14 the circulation of ground water in the fresh-water zone is much greater than in the
15 saline-water zone.

16 The freshwater part of the Aquifer has three major hydrogeologic components: (1)
17 A catchment area on the Edwards Plateau; (2) a recharge area, or unconfined
18 zone, that is part of the Balcones fault zone; and (3) an artesian area, or confined
19 zone, underlying the Gulf Coastal Plain. The catchment area is separated from the
20 recharge and artesian areas by a outcrop of the Glen Rose Formation, which has
21 relatively little permeability and is considered a confining bed. The Balcones
22 fault zone, which includes the recharge area, extends into most of the artesian
23 area. Within the recharge area, groundwater generally is under unconfined
24 conditions.

25 Recharge to the Aquifer occurs in the outcrop area, primarily from streams
26 crossing over the upper portion of the Nueces River Basin, the upper portion of
27 the San Antonio River Basin and a part of the upper portion of the Guadalupe
28 River Basin. Water readily infiltrates the highly fractured and permeable
29 carbonate rocks that occur along the streambeds, and through karstic features such

1 as sinkholes.

2 Water movement is generally in a west to east direction, however, due to complex
3 structural faulting and stratigraphic heterogeneity, Aquifer compartmentalization
4 is likely and local flow paths are undefined. The Knippa gap (the "Gap"), located
5 near the Uvalde and Medina County line, is a partial barrier (constriction) to flow,
6 from west to east, within the Aquifer because of yet undefined, structural and
7 stratigraphic variations in the rock. As a result, the restriction to transmissivity of
8 water, can create a reservoir pressure differential on either side of the Gap. The
9 effect can be evidenced at certain times by higher water levels in wells on the
10 Uvalde side of the Gap.

11 Groundwater discharge from the Aquifer in the region is by springflow and by
12 either flowing or pumped discharged from wells. The very high yield of the
13 artesian wells result from the intersection of permeable, vulgular stratum by the
14 well bore. The depths to those strata vary with location and depend on the
15 topography and the structural configuration of the Aquifer. These depths range
16 from less than 100 feet within the unconfined Aquifer to more than 3,000 feet in
17 the confined Aquifer. Water production from the artesian zone of the Aquifer
18 supports municipal, industrial, commercial and agricultural uses for over a million
19 people.

20 Six major springs are natural outlets of the Aquifer. In Comal and Hays Counties,
21 major discharge points for the freshwater zoned occur at Comal Springs and San
22 Marcos Springs, respectivley. Water flow from the springs supports commercial,
23 industrial, municipal uses and several endangered species.

24 5.2. Long-term Planning. The Parties agree to collect information on current usage
25 patterns to project future needs and ensure adequate long-term water supplies.
26 The Parites further agree to adopt policy or rules requiring accurate reporting of
27 production from all wells located within each District. Cumulative use from
28 domestic and livestock wells producing less than 25,000 gallons per day shall be
29 estimated by the Districts utilizing USGS figures.

- 1 5.3. Springflow. The Parties agree to enact water use policies to maintain springflows
2 at levels adequate to comply with the Endangered Species Act. Accordingly, the
3 Parties agree to take all steps required by existing law to ensure compliance with
4 the Endangered Species Act.
- 5 5.4. Downstream and Uppstream Interests. The Parties agree to use their best efforts
6 to coordinate regional management with other entities within the hydrological
7 boundaries of the Aquifer and region including the catchment, recharging and
8 artesian zones, and entities dependent thereon.
- 9 5.5. Drought Response Plans. On or before November 21, 1995, each Party agrees to
10 adopt, maintain and enforce its own drought response plan to respond to critical
11 conditions as the same are defined by each District.
- 12 5.6. Conservation Plans. On or before November 21, 1995, each Party agrees to
13 adopt, maintain, and enforce its own conservaiton plan addressing at least two key
14 elements: (1) efficiency of water use to meet the conservation and preservation
15 duties of all users of the Aquifer; and (2) conservation measures that are both
16 reversibly and financially compensatory for the conserving user. For purposes of
17 this Contract, the term "conservation plan" does not refer to conservation plans
18 required by § 1539(a) of the Endangered Species Act.
- 19 5.7. Reuse Policies. Each Party agrees to develop and promote policies for reusing
20 water drawn from the Aquifer. The reuse policies may be incorporated into each
21 District's respective conservation plan or water supply plan.
- 22 5.8. Water Quality. The Parties agree to preserve the water quality of the Aquifer and
23 to prevent degradation. The Parties may seek powers, in addition to existing
24 authority, to preserve waer quality. By November 21, 1995, the Parties agree to
25 adopt, maintain and enforce a water quality plan to preerve water quality and to
26 prevent degradation of the Aquifer.
- 27 5.9. Water Supplies. The Parties agree that water supplies should be managed to meet
28 Beneficial Uses in the region equitably. The Parties may seed additional
29 legislaitve powers to develop and use some to thses supply sources.

- 1 5.9.1. The Edwards District will seek 75,000 acre-feet of water supplies in
2 accordance with the principle established in Sections 1.2.2 and 4 hereof.
3 Negotiations for these water supplies must commence not later than ten
4 (10) days after the Effective Date of this Contract.
- 5 5.9.2. The Parties agree to seed and develop water supplies from, inter alia,
6 Supplemental Souces, defined below, on a "whoever benefits -- pays"
7 basis.
- 8 5.9.3. Other water supplies identified in the region include, but are not limited to,
9 the following (the "Supplemental Souces"):
- 10 5.9.3.1 Purchase or retirement of irrigation rights, or other water
11 rights on a free market basis;
- 12 5.9.3.2. Purchase and/or transfer of water from Canyon Lake;
- 13 5.9.3.3. Construction of recharge projects over the Aquifer where
14 beneficial, e.g., the Guadalupe-San Antonio Basin recharge
15 options and the Nueces River Basin recharge options;
- 16 5.9.3.4. Use of all supply potentials of the Medina Lake system,
17 including additional recharge and surface and surface
18 water;
- 19 5.9.3.5. Intra-basin transfers, i.e., within the Aquifer region, transfer
20 or trade of water supplies.
- 21 5.9.3.6. Inter-basin transfers, i.e., outside the Aquifer region,
22 transfer or trade of water supplies
- 23 5.9.3.7. Aquifer storage and recovery projects in the Aquifer as well
24 as other aquifers such as the Carrizo Aquifer;
- 25 5.9.3.8. Springflow recirculation and/or reuse to reclaim excess
26 waters form the springs;
- 27 5.9.3.9. Construction of new reservoirs;
- 28 5.9.3.10. Conjunctive use of surface and groundwater
29 management;and

1 5.9.3.11. Recharging waters from other basins into the Aquifer.

2 5.10. Water Management Tools. The Parties agree to consider utilization of
3 water management tools, including, but not limited to: (1) well size and
4 spacing rules and limitations on production; (2) augmentation strategies;
5 (3) production rate redistribution; (4) conjunctive use; and (5) dry year
6 option during critical periods.

7 The districts are also authorized to develop recovery plans, habitat
8 conservation plans, biological assessments, and other elements in order to
9 apply for incidental take permits under the Endangered Species Act.

10 5.11. Transport of Water. The Parties agree that transportation of water within a
11 District should be regulated to prevent waste. The Parties may seek
12 necessary legislative authority to regulate water transportation within a
13 District, including the imposition of transport fees.

14
15 5.12. Export of Water. The Parties agree to prohibit the export of water outside
16 a District. The parties will "grandfather" current water exporters at
17 historic levels of water exports. The Edwards District may grant
18 exceptions, or exemptions.
19 Grandfathered water exporters, and any exceptions or exemptions shall be
20 subject to a respective District's plans as required herein and District rules.
21 The Parties may seek additional legislative authority to regulate exports of
22 water outside a District, including: (1) imposition of export fees at the
23 discretion of each District to replenish exported water, or (2) varying fees
24 based on levels of production for exports.

25
26 5.13. Production Management. The Parties agree that production must be
27 managed to prevent over-production and depletion of the Aquifer.

28
29 5.14. Water Markets. The Parties agree that when approved by a District, water

1 markets may be allowed within such District including water rights
2 transfers and the abatement or retirement of water rights. Policies
3 implemented by the Parties will require that: (1) wa ter market
4 transactions, i.e., purchase, t ransfer or retirement, will be conducted on a
5 free market basis; and (2) the particular District approved the transaction,
6 and (3) time duration elements be specified in the water market
7 transactions.

8 6. WATER AND OTHER PROPERTY RIGHTS.

9 Nothing in this Contract creates or diminishes water rights or other property rights
10 recognized under law.

12 7. DISPUTE RESOLUTION.

13 All claims and controversies arising out of or rlatng to this Contract shall be referred for
14 resolution immediately by each Party to its General Manager. If the G eneral Managers
15 are uanble to resolve the dispute inf fifteen (15) days after it is referred to the, then and
16 Party, before taking further action, shall first initiate action to resolve the dispute by
17 referring the dispute to mediation as provided below.

18 The Parties agree to submit any dispute or controversy arising out of or relating to this
19 Contract, which has not been resolved under the procedures established above, to
20 nonbinding mediation to be held in accordance with the provisions of the Commercial
21 Mediation Rules of the American Arbitration Association. The Parties agree that their
22 participation in the mediation and the entire mediation proceeding, including but not
23 limited to all statements, discussions, conduct, rulings, findings or determinations in that
24 mediaiton proceeding or relating to it, will be confindentail, will constitute settlement
25 negotiations under Rule 408 of the Federal Rules of Evidence, and will not be admissible
26 in any proceeding or action of any kind and that neither Party will introduce or attempt to
27 introduce the above in any proceeding or action. The Parties agree to perform whaever
28 steps are necessary to ensure that the medication proceeding complies with the provisions
29 of this Section.

1 Except for actions to specifically enforce this section, litigation may only be commenced
2 not earlier than ten (10) days after the conclusion of the mediation proceedings. No
3 action arising out of or in connection with a particular mediation proceeding under this
4 Contract may be brought by any Party more than twelve (12) months after the
5 conclusion of such mediation proceedings.

6 8. ENFORCEMENT.

7 Each Party agrees to meet fully its general and specific performance requirements under
8 this Contract. The Parties may seek enforcement of this Contract as authorized at law or
9 in equity. This Contract is not enforceable by any person other than the Parties hereto.

10 9. MISCELLANEOUS PROVISIONS.

11 9.1. Entire Contract. This contract represents the entire agreement between the
12 Parties regarding the subject matter hereof and supersedes all prior oral and
13 written proposals and communications.

14 9.2. Term of Contract. The term of this Contract shall commence upon the signing of
15 this instrument of all the Parties (the "Effective Date") and shall remain in full
16 force and effect until it is superseded by law, or amended as provided herein.

17 9.3. Amendment. This Contract may be amended upon written request of any Party
18 and the subsequent written concurrence of all Parties.

19 9.4. Notices. Any Notice permitted or required hereunder will be sent by first class
20 mail, registered or certified and by fax transmission to the Edwards Underground
21 Water District, Medina County Underground Water Conservation District, and
22 Uvalde County Underground Water Conservation District.

23 9.5. Force Majeure. The Parties hereto shall not be responsible or liable in any way
24 for any delay or failure to perform its obligations hereunder when such delay or
25 failure is caused by conditions or circumstances beyond its control. Such causes
26 may include, but are not restricted to, Acts of God or of the public enemy, acts of
27 the government in the sovereign capacity, fires, floods, epidemics, earthquakes,
28 quarantine restrictions, strikes, freight embargoes and unusually severe weather.
29

1 96. Governing Law. This Contract will be governed in all respects by the laws of the
2 State of Texas.

3 9.7 Severability. If any provision of this Contract is held to be illegal, invalid or
4 unenforceable under present or future law effective during the terms hereof, such
5 provision shall be fully severable. This Contract shall be construed and enforced
6 as if such illegal, invalid or unenforceable provision had never comprised a part
7 hereof and the remaining portions hereof shall remain in full force and effect and
8 shall not be affected by the illegal, invalid or unenforceable provision or by its
9 severance from this Contract.

10 9.8 Counterparts. This Contract may be executed in counterparts, each of which shall
11 be deemed an original for all purposes, and all which collectively constitute one
12 agreement; provided, however, that in making proof of this Contract, it shall not
13 be necessary to produce or account for more than one such counterpart.

14 SECTION 2. The importance of this legislation and the crowded condition of the
15 calendars in both houses create an emergency and an imperative public necessity that the
16 constitutional rule requiring bills to be read on three several days in each house be
17 suspended, and this rule is hereby suspended, and that this Act take effect and be in force
18 from and after its passage, and it is so enacted.

COMMITTEE REPORT

The Honorable Pete Laney
Speaker of the House of Representatives

5/2/95
(date)

Sir:
We, your COMMITTEE ON NATURAL RESOURCES
to whom was referred HB 753 have had the same under consideration and beg to report
back with the recommendation that it

- () do pass, without amendment.
- () do pass, with amendment(s).
- (X) do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.
- (X) yes () no A fiscal note was requested.
- () yes (X) no A criminal justice policy impact statement was requested.
- () yes (X) no An equalized educational funding impact statement was requested.
- () yes (X) no An actuarial analysis was requested.
- () yes (X) no A water development policy impact statement was requested.
- () The Committee recommends that this measure be sent to the Committee on Local and Consent Calendars.

For Senate Measures: House Sponsor _____
Joint Sponsors _____ / _____ / _____ / _____
Co-Sponsors: _____

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Counts, Ch.	X			
Yost, V.C.	X			
Combs	X			
Corte	X			
King	X			
Lewis, R.		X		
Puente		X		
Stiles	X			
Walker	X			

Total 7 aye
 2 nay
 0 present, not voting
 0 absent

David Buntz
CHAIRMAN

BILL ANALYSIS

Natural Resources Committee
C.S.H.B. 753
By: King
5-2-95
Committee Report (Substituted)

BACKGROUND

During the 73rd Session, the Legislature passed legislation regarding the Edwards Aquifer. As a result of this legislation, the Edwards Aquifer Authority was created to regulate the Edwards Aquifer region. The U.S. Justice Department disallowed the Edwards Aquifer Authority due to voting rights violations, and the management plan has not yet gone into effect. The proposed management plan relied primarily on strict pumping limits which placed a tremendous burden on pumpers and citizens who rely on the aquifer throughout the region.

C.S.H.B. 753 proposes to manage the Edwards Aquifer region through an Interlocal Contract agreed to by the Edwards Underground Water District (EUWD), Uvalde County Underground Water Conservation District (UCUWCD), and the Medina County Underground Water Conservation District (MCUWCD). The EUWD, the UCUWCD, and the MCUWCD have been pre-approved by the Justice Department and are currently in operation. The Interlocal proposes that the EUWD regulate water management in Bexar, Comal, and the Hays Counties, UCUWCD regulate water management in Uvalde County, and MCUWCD regulate water in Medina County.

PURPOSE

To implement the Interlocal Contract as the statutory authority of the Edwards Underground Water District, the Medina County Underground Water Conservation District, and the Uvalde County Underground Water Conservation District.

RULEMAKING AUTHORITY

It is in the opinion of the Committee that this bill doesn't create any additional rule making authority.

SECTION BY SECTION ANALYSIS

SECTION 1. COMPREHENSIVE MANAGEMENT PLAN. The Edwards Underground Water District, the Medina County Underground Water Conservation District, and the Uvalde County Underground Water Conservation District agree upon regional management of the Edwards Aquifer.

SECTION 2. DEFINITIONS.

- 2.1 Defines "Beneficial Use" with the meaning assigned by Texas Water Code 52.001 or Section 1.02 of the 1992 Demand Management Plan for the Edwards District.
- 2.2 Defines "Endangered Species Act" as codified in 16 U.S.C. 1531-1544.
- 2.3 Defines "Waste" with the meaning assigned by Texas Water Code 52.001 or Section 1.02 of the 1992 Demand Management Plan of the Edwards District.

SECTION 3. GOVERNANCE.

- 3.1 Parties shall retain their own governing structure and maintain local control; Legislative authority will be organized in accordance with Chapter 52 Texas Water Code.
- 3.2 Geographic Boundary shall comply with the cumulative area of the counties covered by each Party's geographic jurisdiction.
- 3.3 The Liaison Committee shall function as coordinating committee among the Parties; Criteria under which the Liaison Committee shall function is defined.

SECTION 4. FINANCING STRUCTURE. Financial structure for water management shall be based upon the guiding principal that "Those who benefit--pay."

- 4.1 Ad Valorem Taxation.
- 4.2 Production Fees.
- 4.3 Production Surcharge Fees.
- 4.4 Transport and Export Fees.
- 4.5 General Obligation Bonds and Revenue Bonds.
- 4.6 Making Loans and Grants.
- 4.7 Receiving Loans and Grants.
- 4.8 Research Costs.
- 4.9 Aquifer Management Guidelines.

SECTION 5. WATER MANAGEMENT ELEMENTS. Parties agree upon the following terms of the comprehensive water management plan:

- 5.1 Aquifer complexity.
- 5.2 Long-term planning.
- 5.3 Springflow.
- 5.4 Downstream and Upstream Interests.
- 5.5 Drought Response Plans.
- 5.6 Conservation Plans.
- 5.7 Reuse Policies.
- 5.8 Water Quality.
- 5.9 Water Supplies.
- 5.10 Water Management Tools.
- 5.11 Transport of Water.
- 5.12 Export of Water.
- 5.13 Production Management.
- 5.14 Water Markets.

SECTION 6. WATER AND OTHER PROPERTY RIGHTS. Nothing in this Contract creates or diminishes water rights or other property rights recognized under law.

SECTION 7. DISPUTE RESOLUTION. All claims and controversies relating to this Contract shall be referred for resolution by each party to its General Manager.

SECTION 8. ENFORCEMENT. Each Party shall meet the requirements under this Contract.

SECTION 9. MISCELLANEOUS PROVISIONS.

- 9.1 Entire Contract.
- 9.2 Term of Contract.
- 9.3 Amendment.
- 9.4 Notices.
- 9.5 Force Majeure.
- 9.6 Governing Law.
- 9.7 Severability.
- 9.8 Counterparts.

SECTION 10. EMERGENCY CLAUSE.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The Original simply stated that the Legislature validates a certain agreement known as the Edwards Aquifer Interlocal Contract. The Substitute actually includes the language of that agreement.

SUMMARY OF COMMITTEE ACTION

H.B.753 was considered by the committee in a public hearing on May 2, 1995.
No testimony was received.

The committee considered a complete substitute for the bill. The substitute was adopted without objection.

The bill was reported favorably as substituted, with the recommendation that it do pass and be printed, by a record vote of 7 ayes, 2 nays, 0 pnv, 0 absent.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE
74th Regular Session

May 4, 1995

TO: Honorable David Counts, Chair
Committee on Natural Resources
House of Representatives
Austin, Texas

IN RE: Committee Substitute
for House Bill No. 753
By: King

FROM: John Keel, Director

In response to your request for a Fiscal Note on House Bill No. 753 (relating to the validation of a certain agreement between the Edwards Underground Water District, the Medina County Underground Water Conservation District, and the Uvalde County Underground Water Conservation District) this office has determined the following:

No fiscal implication to the State is anticipated.

The fiscal implication to units of local government cannot be determined.

Source: LBB Staff: JK, CT, DF

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE
74th Regular Session

May 1, 1995

TO: Honorable David Counts, Chair
Committee on Natural Resources
House of Representatives
Austin, Texas

IN RE: House Bill No. 753
By: King

FROM: John Keel, Director

In response to your request for a Fiscal Note on House Bill No. 753 (Relating to the validation of a certain agreement between the Edwards Underground Water District, the Medina County Underground Water Conservation District, and the Uvalde County Underground Water Conservation District.) this office has determined the following:

No fiscal implication to the State is anticipated.

The fiscal implication to units of local government cannot be determined.

Source: Natural Resource Conservation Commission
LBB Staff: JK, JB, DF

H.B. No. 753

A BILL TO BE ENTITLED
AN ACT

By

Macy O. K.

Relating to the validation of a certain agreement between the Edwards Underground Water District, the Medina County Underground Water Conservation District, and the Uvalde County Underground Water Conservation District.

JAN 24 1995

Filed with the Chief Clerk

FEB 2 1995

Read first time and referred to Committee on

Natural Resources

52-95

Reported favorably (as ~~amended~~)
(as substituted)

MAY 09 1995

Sent to Committee on (Calendars)

(Local & Consent Calendars)

Read second time (comm. subst.) (amended); passed to third reading (failed) by a (non-record vote)
(record vote of _____ yeas, _____ nays, _____ present, not voting)

Constitutional rule requiring bills to be read on three several days suspended (failed to suspend)
by a vote of _____ yeas, _____ nays, _____ present, not voting

Read third time (amended); finally passed (failed to pass) by a (non-record vote)
(record vote of _____ yeas, _____ nays, _____ present, not voting)

Engrossed

Sent to Senate

CHIEF CLERK OF THE HOUSE

OTHER HOUSE ACTION:

Received from the House

Read and referred to Committee on _____

Reported favorably _____

Reported adversely, with favorable Committee Substitute; Committee Substitute read first time

Ordered not printed

Laid before the Senate

Senate and Constitutional Rules to permit consideration suspended by (unanimous consent)
(_____ yeas, _____ nays)

Read second time, _____, and passed to third reading by (unanimous consent)
(a viva voce vote)
(_____ yeas, _____ nays)

Senate and Constitutional 3 Day Rules suspended by a vote of _____ yeas, _____ nays

Read third time, _____, and passed by (a viva voce vote)
(_____ yeas, _____ nays)

Returned to the House

SECRETARY OF THE SENATE

OTHER SENATE ACTION:

_____ Returned from the Senate (as substituted)
(with amendments)

_____ House concurred in Senate amendments by a (non-record vote)
(record vote of _____ yeas, _____ nays, _____ present, not voting)

_____ House refused to concur in Senate amendments and requested the appointment of a conference committee
by a (non-record vote) (record vote of _____ yeas, _____ nays, _____ present, not voting)

_____ House conferees appointed: _____, Chair; _____,
_____, _____, _____

_____ Senate granted House request. Senate conferees appointed: _____, Chair;
_____, _____, _____, _____

_____ Conference committee report adopted (rejected) by the House by a (non-record vote)
(record vote of _____ yeas, _____ nays, _____ present, not voting)

_____ Conference committee report adopted (rejected) by the Senate by a (viva voce vote)
(record vote of _____ yeas, _____ nays)

95 MAY -8 PHID: 49

HOUSE OF REPRESENTATIVES